



The Honorable Murrell Smith, Jr.
Chairman, Ways and Means Health Subcommittee
Columbia, SC

Dear Murrell,

I would like to thank you and the members of your subcommittee for the opportunity to comment on the FY12-13 HHS budget.

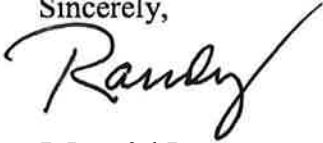
Nursing homes in South Carolina are reimbursed prospectively, therefore when we receive a rate reduction it is difficult to manage. Our reimbursement system places great controls on how we spend dollars and we are capped at 105% of the mean average in most of our cost categories. Rampant spending is not taking place and profit is capped at \$1.75 per patient day. It is estimated that the average nursing home is being reimbursed at approximately eight dollars per patient day below their costs. With the tight margins we operate on, this is making our job of providing quality care very difficult. Over seventy percent of our fixed costs goes to salaries for mandated staffing ratios. Therefore, when HHS speaks of "driving costs out of the system" they are simply saying we will not pay you the agreed upon rate for your services which were determined by their reimbursement system.

When HHS states that "stakeholder collaboration mitigated further reductions by reducing Medicaid patient days", you need to understand why. We chose to reduce Medicaid patient days because our high percentage Medicaid facilities in urban and rural settings could not remain in business with a deeper rate cut. Medicaid day reductions was our only alternative. As a result of this reduction, we closed down access to Medicaid long term care services by over five hundred beds. As of December 7th, 2011, we have denied admission to 1699 South Carolinians. We have 1756 vacant beds and have eliminated 128 jobs.

These individuals cannot be taken care of in a home setting. I offer to take you and your committee on a tour of our facilities and let you see that we are taking care of a very sick, elderly population whose needs have far surpassed the level of care provided by home and community based services. These people are currently being denied care or are taking up an acute care bed in a hospital.

I strongly urge you to appropriate monies to restore rate cuts and Medicaid days for nursing homes. Our elderly population deserves proper care and to age with dignity.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy", with a long, sweeping flourish extending from the end.

J. Randal Lee
President
South Carolina Health Care Association